Before the

FEDERAL COMMUNICATIONS COMMISSION 15 15 15

Washington, D.C. 20554

		· *
In the Matter of)	
)	
Amendment of Part 90 of the)	PR Docket No. 93-144
Commission's Rules to Facilitate)	RM-8117, RM-8030
Future Development of SMR Systems)	RM-8029
in the 800 MHz Frequency Band)	
Implementation of Sections 3(n) and 322)	GN Docket No. 93-252
of the Communications Act)	
Regulatory Treatment of Mobile Services)	
)	
Implementation of Section 309(j))	PP Docket No. 93-253
of the Communications Act)	
Competitive Bidding)	
To: The Commission		DOCKET FILE COPY ORIGINAL
10. THE COMMISSION		JOH UHIGINAL

COMMENTS

FRESNO MOBILE RADIO, INC., et al.

Dennis C. Brown Robert H. Schwaninger, Jr. Brown and Schwaninger 1835 K Street, N.W. Suite 650 Washington, D.C. 20006 202/223-8837

Dated: February 15, 1996

Table of Contents

UMMARY OF THE FILING	. i
ntroduction	. 1
Disaggregation and Partitioning	. 4
requency Relocation	
Reimbursement	6
Financial Qualifications	13
Cost Sharing	15
Dispute Resolution	16
Comparable Facilities	. 17
The Requirement of Good Faith	19
icensing Of The Lower 80 And General Category Channels	21
Channel Assignments	24
Co-Channel Interference Protection	25
Operational And Eligibility Restrictions	28
Competitive Bidding Issues	30
Jpfront Payments	31
Minority- and Women-Owned Businesses	33
Conclusion	34

Attachment I

SUMMARY OF THE FILING

Fresno Mobile Radio, Inc., et al. (Commentors), support the Commission's proposals to permit disaggregation and partitioning of channel blocks. The Commission should not, however, permit sublicensing of 800 MHz band SMR systems.

Commentors suggest specific aspects which should be included in the requirements placed on both Economic Area (EA) licensees and incumbents with respect to mandatory frequency relocation. Since it is the EA licensee which will receive all of the benefit from relocation, the EA licensee should bear all of the cost in the first instance and should be required to demonstrate financial responsibility prior to commencing any relocation.

Regardless of the arrangements between EA licensees, the EA licensee(s) in the area of the incumbent should be required to bear all of the cost and risk of relocation, subject to later recovery from any other benefitting EA licensee.

The Commission, itself, should be prepared to resolve all disputes resulting from mandatory relocation. If the Commission is not prepared to resolve such disputes expeditiously, it should withdraw its plan for frequency relocation.

Commentors offer specific suggestions regarding the definition of "comparable facilities" and concerning the requirement of good faith.

Wide area licensing on the Lower 80 and General Category channels would be totally impracticable and counter-productive for the Commission. Before it proceeds any further with the thought of licensing these channels on a wide area basis, the Commission should study its licensing records to determine if there is any geographic market in which wide area licensing would even be possible.

Before accepting applications for wide area licenses, the Commission should review its licensing records and cancel any license which is not lawfully separated from all co-channel stations. Review of the Commission's records will find an incalculable number of incorrectly granted SMR licenses, as well as some incorrectly coordinated and granted applications on the General Category channels. Only by such a complete review and correction can the Commission fulfill its mandate to avoid unjust enrichment of any entity.

If the Commission decides to grant wide area licenses on the lower channels, it should designate them as entrepreneur's blocks and bar the eligibility of any person who holds an EA license for more than 20 channels in the same EA.

The Commission should license the General Category channels individually, leaving to each applicant and each market the aggregation of channels most likely to produce a viable service to the public.

The Commission should revise its upfront payment requirement in accord with a comparative evaluation of channels in various frequency bands.

-3°

The Commission is obligated to provide opportunities for businesses owned by women and minorities. The insufficiency of the record, to date, does not excuse the Commission from meeting the mandate of Congress.

Before the FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of)	
)	
Amendment of Part 90 of the)	PR Docket No. 93-144
Commission's Rules to Facilitate)	RM-8117, RM-8030
Future Development of SMR Systems)	RM-8029
in the 800 MHz Frequency Band)	
)	
Implementation of Sections 3(n) and 322)	GN Docket No. 93-252
of the Communications Act)	
Regulatory Treatment of Mobile Services)	
)	
Implementation of Section 309(j))	PP Docket No. 93-253
of the Communications Act)	
Competitive Bidding)	

To: The Commission

COMMENTS

Fresno Mobile Radio, Inc.; *et al.* (the Commentors), by their attorneys, respectfully file their Comments in response to the Commission's Second Further Notice of Proposed Rule Making, released on December 15, 1995 (FCC 95-501) ("FNPRM"). In support of their position, Commentors show the following.

Introduction

The instant comments are filed in an abundance of caution and are conditioned on the outcome of any reconsideration or appeal of the Commission's associated First Report and Order, Eighth Report and Order (collectively "Report and Order") within the same docket

¹ A complete list of the Commentors is attached as Attachment I hereto.

released on December 15, 1995. Commentors aver that the Commission's decisions contained within that Report and Order will require much revision to provide conformity with logic, law and equity. Therefore, the instant comments reflect the proposals as they exist presently, and the comments herein may be rendered entirely moot or inapposite in view of any future action taken by the Commission to provide the above referenced conformity within the Report and Order.

In accord with the foregoing, Commentors respectfully request and suggest that the Commission defer any action on the FNPRM until such time as the Commission's earlier Report and Order has been scrutinized by all interested parties, including those parties which might seek reconsideration and/or appeal of the Commission's Report and Order. Since the decisions within the Report and Order serve as the regulatory basis for the FNPRM, it would be inappropriate and a potential waste of the Commission's scarce resources to consider the comments to the FNPRM until such time as the Commission has assured itself that the regulatory basis for the FNPRM, the Report and Order, will continue to survive as written.

Commentors also respectfully note that if the underlying Report and Order is changed substantially on reconsideration, the comments received to the FNPRM shall be rendered a nullity, since the Commission could not logically find that such comments will have been received following adequate notice to the public. Accordingly, the Commission would not be legally positioned to rely on these comments or other similar comments for the purpose of adopting rules, since such comments would be made without the benefit of knowing the

eventual outcome of the Commission's reconsideration of the Report and Order. For the foregoing reasons, Commentors respectfully suggest that, upon reflection, the issuance of the FNPRM may be found to be wholly premature.

The foregoing caveats and conditions having been stated, the Commentors set forth their comments below.

Disaggregation and Partitioning

Commentors support the Commission's proposals to permit the disaggregation and partitioning of channel blocks. If the Commission decides, upon reconsideration, to license the Upper 200 channels in blocks of five channels, spaced at intervals of one megahertz, rather than in larger, contiguous blocks, then disaggregation of channel blocks will not need to be considered further. However, to be complete, Commentors will discuss both disaggregation and partitioning here.

The public interest would be well served by the Commission's permitting both disaggregation of channel blocks and geographic partitioning of an Economic Area. However, the Commission should not permit the sublicensing of an EA license. Rather, the Commission should permit an EA licensee to engage in a partial assignment of its license to another entity, with the Commission's granting a new license to the assignee. The concept of sublicensing is fraught with problems, while permitting partial assignment of either channels or areas would have numerous benefits for the public.

The Commission has more than a decade of experience in the difficulties which have developed between cellular operators and their agents and resellers. This is not to suggest that the Commission should bar the resale of wide area SMR service or the contracting of agents by EA licensees. Indeed, the Commission should require EA licensees to permit resale of their services. However, permitting sublicensing by EA licensees would create undesirable opportunities for EA licensees to impose unfairly on sublicensees.

Were the Commission to permit sublicensing, then the EA licensee would remain ultimately responsible to the Commission for compliance with all construction and service obligations. Based on the need to assure compliance with those requirements, the EA licensee would be positioned to place oppressive burdens on sublicensees as a condition of obtaining a sublicense. The Commission should not facilitate such opportunities for EA licensees.

The Commission is the only entity with the authority to issue licenses for use of spectrum. It would appear that additional authority from Congress would be required for the Commission to authorize any licensee to grant a sublicense of its authority for use of the spectrum. To avoid diminishing its exclusive, plenipotentiary authority in the field, and to avoid raising questions about the extent of its authority, the Commission should avoid authorizing any licensee to grant a sublicense.

If the Commission permits an EA licensee to make a partial assignment, then the Commission can hold the assignee separately responsible for meeting the construction and service requirements on its channels in its partition of the EA.² Clear and direct lines of authority and responsibility between the Commission and licensees will avoid any need for the Commission to consider controversies between EA licensees and sublicensees concerning the meeting of construction and service requirements.

By permitting small entities to pool their resources to bid for a channel block, with the agreement that they will disaggregate or partition the license later, the Commission can expect to receive more vigorous bids from a larger number of bidders in each market. Such increased bidding activity will improve the recovery for the public treasury of a fair portion of the value of the spectrum.

The public will be best served if the marketplace is permitted to decide whether wideband operations are preferable to narrow. Permitting free disaggregation will permit spectrum to be used in the manner most desirable in each market, thereby assuring the fullest and wisest use of the spectrum.

² Each licensee would be separately responsible directly to the Commission for meeting the construction and service requirements on the frequencies and in the area assigned to it.

The Commission has recognized the evils of speculation in the private sector.

However, speculation is not always a bad thing when speculation increases the amount which is paid to the treasury for spectrum. If the Commission permits wealthy applicants to bid, with the understanding that an EA licensee will be permitted to disaggregate or partition its purchase and assign portions of the authorization to other persons, then the Commission can expect to markedly increase the amounts bid for the spectrum, thereby assuring the fullest recovery for the public of a portion of the value of the spectrum.

In the PCS auctions, the Commission opened the doors to the spectrum horsehouse, not requiring that the spectrum allocated to PCS be used for any specific purpose. Now is not the time to think of closing the doors after the livestock has been ridden. The Commission should not require an EA licensee to retain any portion of the authority which it wins at auction, but should allow that authority to be subdivided as fully as desired by the market as the surest way to expedite the provision of maximum service to the public.

Frequency Relocation

Reimbursement

At paragraph 272 of the FNPRM, the Commission listed a tentative conclusion that certain costs should be reimbursed by the EA licensee to the incumbent licensee whose existing SMR system is relocated to different channels. Commentors will discuss several aspects of the frequency relocation proposal.

As potentially adversely affected small businesses, Commentors find the initial list of reimbursable costs identified by the Commission to be a laudable first effort. The list should be deemed the minimum responsibility of the EA licensee, only subject to addition and not to subtraction. As the earlier comments within this proceeding have amply demonstrated, the cost to relocated operators will be substantial and the attendant rewards nonexistent.

Accordingly, it is the duty of the Commission to assure that the extreme burdens to be borne by incumbent licensees are reduced as far as is practical and the disruption to the services provided by incumbents is as small as possible.

Since the Commission recognizes that most of the adversely affected incumbents are also small businesses, it is necessary for the Commission to protect the scarce resources of those affected small businesses to assure that the Commission does not inadvertently create a formula for small business failure, arising out of manipulations and competitive mischief which might be perpetrated by EA licensees. Therefore, Commentors respectfully request that the Commission direct its energies toward provision of necessary protections, guidelines, and rules which purpose is specifically to mandate full fairness to adversely affected small businesses.

In addition, the Commission's review of the comments filed within this proceeding should include the effect that relocation will have on the hundreds of thousands of end users and subscribers whose equipment will need to be changed out or modified, creating delays, reductions, and disturbances in each's respective businesses. The Commission's present

proposals are properly directed toward assisting small business which are incumbent operators; however, the Commission's proposals do not appear to be sufficiently directed at protecting subscribers' receipt of continuous service. Greater effort to protect those persons must be provided by the Commission, to assure that the reshuffling of licensee rights does not adversely affect those persons who are primarily consumers, and whose interests lie solely in receiving uninterrupted, quality service from the provider of their choice.

Added to the list of reimbursable costs should be any adverse tax consequences imposed on the incumbent licensee as the result of a frequency relocation. For example, if the need to replace middle-aged equipment results in an amortization chargeback for income tax purposes, the EA licensee should be required to reimburse the incumbent licensee for such costs.

Also added to the list of reimbursable costs should be the costs of managing the relocation. It is clear from the term "reimbursement" that the Commission contemplates the incumbent licensee's incurring some costs in the relocation process. Among the reasonably foreseeable costs is the cost of diverting the incumbent licensee's management team from its customary tasks to manage relocation activities. To avoid causing harm to incumbents, the Commission should require the EA licensee to bear the cost of all incumbent management time and expenses which are reasonably attributable to relocation.

Clarified should be the EA licensee's obligation to bear any increased operating costs resulting from mandatory relocation. In some instances it is reasonably foreseeable that additional equipment will be required for which the incumbent licensee will have to arrange for additional space rental from the site owner. For example, it may be necessary for a licensee to add combining equipment to its system to accommodate relocation channels which cannot be combined with existing channels that will not be relocated. Where channels cannot be combined, it may be necessary to install additional antennas and transmission lines. That additional equipment will require additional rack space or tower space, requiring the incumbent to bear additional site rental costs in perpetuity.

It would not be fair to either the EA licensee or the incumbent to require the EA to make monthly payments of additional costs in perpetuity. To provide a reasonable cut-off point, the Commission should require the EA licensee to prepay any increased operating costs for the term of its initial ten year license. The Commission could permit the EA licensee to pay the net present value of the increased costs and rely upon the incumbent to make conservative use of the funds. Prepayment of ten years of the increased costs will avoid any risk to the incumbent that the EA licensee will fail to continue in business and leave the incumbent bearing the burden of increased costs imposed by the EA's relocation of the incumbent's channels.

At paragraph 274 of the FNPRM, the Commission requested comment on when reimbursement payments should be due. The Commission's proposals that the payments

should be due either when the benefitting EA begins to use the particular frequency or when the EA licensee commences testing of its wide-area system in the EA are not adequate to protect the existing investments of the incumbent licensee.

The EA licensee will be the sole beneficiary of any frequency relocation. Therefore, the incumbent licensee should not be required to bear any of the cost in the first instance and wait for any period of time to obtain reimbursement by the EA licensee. If the incumbent licensee were required to wait for payment until it suited the EA licensee's convenience, there would be great potential for anticompetitive mischief by the EA licensee. If the EA licensee were able to cause the incumbent licensee to bear costs of frequency relocation and then wait for repayment until the EA got around to using the channels, the EA licensee could bankrupt the competing incumbent licensee merely by delaying indefinitely the commencement of testing or operation, and, therefore delay the payment of reimbursement funds.

To provide a full measure of protection for the incumbent licensee, the Commission should require the EA licensee and the incumbent licensee to agree to an estimate of the total cost of relocation. The EA licensee should then be required either to post a completion bond in the amount of the estimate or to place the amount of the estimate in escrow. The EA licensee should be required to make a down payment and to make progress payments to avoid the necessity of the incumbent licensee's having to finance any portion of the frequency location.

If the EA licensee and the incumbent licensee are unable to agree on an estimate, the Commission should provide a default formula for determining the amount for which the EA shall be required to post a bond or to make an escrow account deposit. The default rule should require the EA to secure funds to provide \$100,000 per channel per authorized base station site upon which the incumbent licensee can draw to support the cost of relocation.

Commentors suggest the sum of \$100,000 per channel per authorized base station site on the following basis: Experience shows that an incumbent licensee can expect to pay \$25,000 for an SMR transmitter. Commentors recognize that actual costs may differ widely, but the Commission should provide a full measure of protection for an incumbent licensee in the event that the parties are not able to come to an estimate agreement on their own.

Installation costs can be expected to be as high as \$5,000 per base station transmitter. Replacing 70 mobile units per channel can be expected to cost \$50,000. Costs of additional site rental during the frequency relocation, management, engineering, legal, and technical services and all other incidental costs can be expected to total \$20,000. The sum is the suggested \$100,000 per channel.

The incumbent licensee's actual reimbursement would not be limited to the amount of the estimate. However, by requiring the provision of sufficient up-front funds to avoid the incumbent licensee's having to bear any of the cost of relocation from his own pocket, the Commission can strike a fair balance between the interests of the incumbent and the EA licensees.

·*

The Commission should require an EA licensee to complete frequency relocation of any incumbent licensee within 90 days of the commencement of relocation activities.

Relocation will impose substantial disruptions on an incumbent licensee and the EA licensee should not be permitted to delay completion of the relocation. To prevent anticompetitive abuse by the EA licensee, the Commission should require that the EA licensee proceed expeditiously from beginning to the end of the relocation process. The Commission should specify that, for purposes of counting time, the relocation process begins with the first modification or replacement made to any piece of SMR equipment which operates as an element of the incumbent's system and must terminate by the 90th day thereafter. If the EA licensee fails to complete relocation by the 90th day, the Commission should require the EA immediately to restore the incumbent licensee to its original system and the EA licensee should forfeit all right to relocate that incumbent licensee.

The Commission should require an EA licensee which desires to relocate any incumbent licensee from a channel to relocate simultaneously all incumbent licensees on that channel which has any portion of its 40 dB μ service contour falling within its EA. Such a requirement will prevent an EA with an anticompetitive objective from selectively imposing a relocation burden on a specific incumbent licensee. Otherwise, an EA licensee can be expected to impose a relocation demand first on the least financially able licensee in an area,

with the objective of forcing the collapse of that licensee as a result of the burden and disruption of relocation. By requiring an EA licensee to clear a channel uniformly within its EA, the Commission can prevent an EA licensee from targeting a specific incumbent for destruction and capture of its channels.

Financial Qualifications

As explained above, the cost of relocating incumbent facilities shall not be small. The attendant cost is high employing a per transmitter, per channel, per mobile, per control and/or per facility method of calculation. In fact, the cost is so high as to call into serious question any EA applicant's ability to finance such a project across a single EA or the sum of EAs in which any successful auction participant may receive authority. For example, to change out of the facilities for a twenty-channel block across an EA, a successful participant at auction would need to be able to commit at least \$100,000 X 20 X N (where "N" is the number of incumbent systems on each channel to be relocated). Given the size of most EAs, the Commission's records demonstrate that up to four incumbent systems, including associated mobile units will require conversion. The number increases if the Commission considers short-spaced facilities and ESMR grants where the same frequency may be reused several times across an EA. Even conservative estimates could easily demonstrate that the cost of relocating incumbent systems could run as high as two to three million dollars per twenty channel block.

Given the financial commitment which might be required, the Commission should require that an EA licensee demonstrate its qualifications to finance any relocation prior to commencing any such effort. Such assurances are necessary to avoid disaster for incumbents who would otherwise be forced to take at face value the promises of an EA licensee; and to then commence cooperation with the EA licensee which defaults on its duty to make full and time compensation to incumbents. The economic uncertainty for the cooperative incumbent licensee arising out of frequency relocation is already too great to justify adding additional unnecessary risks upon that class of operator. Incumbent operators should not be placed in a position of having to demonstrate all required good faith necessary to accomplish a relocation, only to discover too late that the claims made by an EA licensee regarding its financial capacity were mere hype.

Commentors, therefore, respectfully request that the Commission adopt rules which require a firm demonstration of the financial qualifications of EA licensees which would be produced at the time of their notification of intent to engage in relocation, as a threshold qualification for the right to engage in relocation. Commentors further request that the Commission adopt such rules in a manner which provides a method for aggregating each such showing of financial qualifications to demonstrate that EA licensees' qualifications demonstrate the ability to bear the total estimated cost of relocation for all markets in which each EA licensee is authorized.

Finally, Commentors respectfully request that the Commission not accept as a demonstration of financial qualifications any recitation of inventoried, used radio equipment which any EA licensee might plan to employ for swapping hardware. The Commission cannot be assured by such a recitation that the inventoried equipment is suitable for relocation of any specific channels or that the equipment is merchantable, or of similar quality to the equipment to be exchanged. Absent such assurances, which would be highly difficult to demonstrate to the Commission via any claims to be made by EA licensees, the Commission should summarily reject any such efforts by EA licensees to employ such a tactic to demonstrate the ability to finance relocation.

Cost Sharing

The Commission's experience with cost-sharing in the Personal Communications

Service should demonstrate the necessity, from the outset, of adopting detailed rules for the sharing of costs among EA licensees. Each EA licensee who benefits from the relocation of any incumbent should be required to contribute to the costs of the relocation. "Benefitting", for this purpose, should be defined as commencing operation on any channel from any site from which such operation would not have been possible were it not for the relocation of an incumbent licensee. One EA licensee should not be deemed to have benefitted from relocation costs borne by another EA licensee until such time as the second EA licensee commences operation on the cleared channels. Such a limitation on the right to demand contribution is necessary to prevent a wealthy EA licensee in one area from imposing unnecessary costs on an EA licensee in a poorer area. If the poorer EA licensee does not

actually need to use channels cleared by a wealthier EA licensee, then the Commission should not allow the wealthier EA licensee to obtain an anticompetitive advantage by imposing such unnecessary costs on the other. Therefore, not until the time that one EA licensee begins to operate a station which it could not have operated but for the actions of a different EA, should the second EA operator be required to contribute to the relocation costs which made the operation possible.

In this manner, the Commission will not place incumbent licensees in a position of frustrated creditor, with one EA licensee having picked up a portion of the tab for relocation, and with another EA operator holding out. If any entity must take the risk of cooperation and contribution, such entity should be the EA licensee who first bargains for relocation of an incumbent system. That EA licensee will be better positioned to defend itself against recalcitrant, benefitted EA operators than the incumbent licensee who might be left waiting for years for necessary contributions.

Dispute Resolution

The Commission indicated that incumbents and EA licensees should expect to use fora other than the Commission to resolve disputes concerning relocation. Commentors respectfully suggest that the Commission should not undertake any scheme of regulation if it is not prepared to serve as the arbiter of disputes resulting from the implementation of its scheme. If the Commission is to act responsibly toward its licensees and the public, it should assume the burden of resolving any dispute which arises concerning relocation. If the

Commission does not have the resources to carry out the duty of resolving disputes resulting from its regulatory actions, then that is a reliable sign that the Commission's regulatory scheme is flawed and should be revised to eliminate that portion of the plan which would impose the necessity of resolving disputes. In short, if the Commission is not prepared to deal directly and as the court of first resort with disputes involving relocation issues, it should remove any requirement for mandatory relocation.

Commentors also strongly doubt that any other fora exists which would have the expertise necessary to perform dispute resolution and which would have the necessary objective status to act in an impartial manner and which would have the ability to enforce any decision which might be rendered. No criticism of the frequency coordinating committees is intended, but the Commission's hope that they would engage in post-grant conflict resolution effectively without any legal authority to enforce decisions has not be overwhelmingly fulfilled. Since the likelihood that such any effective forum exists or might exist is quite remote, Commentors urge the Commission to fully accept its full responsibility in promulgating its rules.

Comparable Facilities

At paragraph 283 of its FNPRM, the Commission proposed a list of the elements of "comparable facilities". With respect to Item (b) of its list, the Commission should specifically require that the EA licensee bear the cost of changing the channels of all mobile units and control stations which are permitted to operate in association with the incumbent station, including any units independently licensed to end users, and all units which are

permitted to roam onto the incumbent system pursuant to an agreement between incumbent operators. Only by requiring the EA licensee to bear the cost of assuring that all currently served end users can continue to receive service can the Commission prevent unjust competitive harm to incumbent licensees and associated end users.

The Commission should require that the incumbent licensee receive exclusive use of the channels to which it is relocated, and that there be no greater interference potential to its system on the relocation channels that on its current channels. Specifically, the Commission should require that there be no co-channel licensee authorized on the relocation channels at any shorter distance than the nearest co-channel licensee on the channel from which the incumbent is to be relocated.

As further assurance of an EA's commitment to protect the ability of incumbent operators to continue to provide service in the same manner in which they did prior to relocation, Commentors respectfully request that the Commission adopt rules requiring that EA licensees provide to all incumbent licensees a proposed system design, including specific information regarding the location and power of all of an EA licensee's transmitters to be employed within a 70-mile radius of each of the incumbent's licensed transmitter locations. In this manner, incumbent licensees would be notified of any potential problems which might arise between co-channel and adjacent channel operations, to provide the necessary information for resolution of disputes prior to the construction of potentially interfering facilities.

The Requirement of Good Faith

The Commission requested comment on what penalties should be imposed on licensees which do not negotiate in good faith during the mandatory relocation period. Commentors suggest that if the EA is found not to have offered comparable facilities, then it should lose the authority to operate on the incumbent's channels throughout the EA. If the incumbent is found to have refused to accept comparable facilities, the incumbent licensee should be required to accept comparable facilities without any compensation of its costs by the EA licensee. All costs of any litigation should be borne by the losing party.

Having said that as a matter of theory, Commentors respectfully suggest that the Commission proposes to set itself and the entire industry up for a horrendous round of long-running controversies between EA licensees and incumbents. Because each licensee will have everything to lose in such a dispute, the Commission should expect every such dispute to be fought to the last appeal. Only a small number of such controversies would be sufficient to overwhelm the Commission's scarce administrative resources. Accordingly, the likelihood of the arising of a substantial number of such controversies should lead the Commission to question the wisdom of any scheme of mandatory relocation. Upon consideration of the necessity of the assessment of a penalty and the necessity of adjudicating such a penalty controversy, the Commission should determine that any requirement for mandatory relocation is impracticable and should withdraw the requirement.

The opportunity for a well-heeled EA licensee to draw an incumbent into litigation over the issue of good faith in negotiations would provide the EA with an anticompetitive weapon to use against the incumbent licensee. A clever EA could offer superficially comparable facilities which it has discerned would not be acceptable to the incumbent. Upon the refusal of the incumbent to accept the offered facilities, the EA licensee could file a complaint of bad faith bargaining and draw the incumbent into a prolonged and costly legal controversy designed to weaken or bankrupt the incumbent competitor. While the incumbent might ultimately win the hearing, the incumbent would have to pay its own litigation expenses during the course of the hearing, possibly bankrupting the incumbent. At that point, the EA licensee would obtain clear use of the incumbent's channels by virtue of recovery of the exhausted incumbent's channels by the Commission and the hearing would be moot.

Commentors respectfully request that the Commission take, at the least, one step toward evening the playing field regarding future negotiations or litigation between incumbent licensees and EA licensees: the burden of proof for demonstrating that comparable facilities have been offered and rejected should rest squarely on EA licensees. This single protection will go a long way toward reaching parity between the affected parties and assure adversely affected incumbent operators that the Commission is sincere in wanting to protect small business from anticompetitive tactics by parties who might employ market power and enormous corporate funds to dominate any negotiation for relocation.